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AZ. CORP. COMMISSION  
FOR THE STATE OF ARIZONA  
FILED

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APPROVED BY: *J. Mendez*  
DATE: 5-16-11  
TERMS: \_\_\_\_\_  
DATE: \_\_\_\_\_

ARTICLES OF INCORPORATION  
OF  
BALLANTRAE RIDGE HOMEOWNERS ASSOCIATION

In compliance with the requirements of A.R.S. Section 10-1001 et seq., as amended, the undersigned, all of whom are 18 years or more of age, have this day voluntarily associated themselves together for the purposes of forming a corporation not for profit and do hereby certify:

ARTICLE I

NAME

The name of the corporation is BALLANTRAE RIDGE HOMEOWNERS ASSOCIATION, hereafter called the "Association".

ARTICLE II

DEFINITIONS

This Association is formed pursuant to and subject to that certain DECLARATION OF ADDITIONAL COVENANTS, CONDITIONS AND RESTRICTIONS FOR BALLANTRAE RIDGE hereafter termed the "Declaration", which is recorded as Recording No. 86 088280 in the Records of Maricopa County, Arizona. As provided in the Declaration, BALLANTRAE RIDGE, LTD., INC., an Indiana corporation, is the "Declarant". The capitalized words and terms used herein shall be deemed to have the same meanings as are given those words and terms in the Declaration. The provisions of the Declaration are incorporated herein by this reference.

ARTICLE III

PLACE OF BUSINESS

The initial place of business of the Association is located at 23150 N. Pima Road, Scottsdale, Arizona 85255

ARTICLE IV

STATUTORY AGENT

JOHN MASON, a bona fide resident of the State of Arizona for the last three (3) years, whose address is 23150 N. Pima Road, Scottsdale, Arizona 85255, is hereby appointed the initial Statutory Agent of this Association.

ARTICLE V

CORPORATE BUSINESS

The character of affairs which the Association initially intends to actually conduct and the purposes for which it is formed are:

(1) To provide for the orderly development, maintenance, preservation and architectural control of the Lots and tracts in BALLANTRAE RIDGE, a subdivision recorded in Book 292 of Maps, page 31, Records of Maricopa County Recorder, Arizona, and any other Lots which may hereafter be annexed and subjected to the Declaration;

(2) To promote the health, safety and welfare of the owners of and residents within BALLANTRAE RIDGE; and

(3) For these purposes, and subject to any limitations set forth in the Declaration, to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) Fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration; and to

(c) Have and to exercise any and all powers, rights and privileges provided in the Declaration and all those which a corporation organized under the Non-Profit Corporation Law of the State of Arizona, by law may now or hereafter have or exercise.

Notwithstanding anything herein contained to the contrary, no part of the activities of the Association shall be devoted to carrying on propaganda or otherwise attempting to influence legislation and the Association shall make no gift, donation or contribution to any institution or organization engaged in such activities. No part of the net earnings of the Association shall inure to the benefit of any Member or individual (other than by acquiring, constructing, or providing management, maintenance, and care of the Association's property and other than by a rebate of excess Assessments). All of the earnings of the Association shall be used to further the purposes of this Association as hereinabove set forth.

## ARTICLE VI

### MEMBERSHIP/ANNUAL MEETING

Each and every Owner shall be a Member of the Association. An Owner shall remain a Member of this Association until such time as he ceases to be an Owner, at which time his membership in this Association shall automatically cease. Membership shall be appurtenant to and pass with the title to any Lot and may not be transferred, alienated or encumbered in any manner except as an appurtenance thereto. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of this Association. In the event an Owner fails or refuses to transfer the membership registered in his name to the purchaser of such Lot, the Association shall have the right to record the transfer upon the books of the Association and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered. At the discretion of the Board, no certificates of membership need be issued, and if certificates are not issued, membership shall be evidenced by an official list of Members kept by the Secretary of the Association. When more than one person holds an interest in any one Lot, all such persons shall be Members although for the purpose of voting all those Members together shall be considered to be one Member with one vote only. The joint Owners shall designate to the Association, in writing, the person who shall have power to vote the membership. In the absence of such a designation, and until such a designation is made, the Board shall make the designation. The Association shall have no stockholders, but only Members as hereinbefore set forth. No capital stock shall be authorized or issued. The private property of the Members, directors, officers and agents will be exempt from corporate debts, however, nothing contained herein shall limit any liability, obligation or responsibility of the Members, directors, officers and agents to the Association and to other Members as set forth herein and in the Declaration. The annual meeting of the Members shall be held as provided in the Bylaws.

## ARTICLE VII

### VOTING RIGHTS

Each Member shall be entitled to one vote for each Lot owned. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners of Lots (other than the Declarant, until such time as Declarant's Class B membership is converted to a Class A membership).

Class B. The Class B Member shall be the Declarant.

Anything in these Articles to the contrary notwithstanding, the Class A Members shall not be entitled to exercise any voting rights until the first to occur of (the "Turnover Date"):

(a) the expiration of nine (9) full calendar months following the sale of all Lots included in the Project by Declarant to Public Purchasers, or

(b) such time as Declarant shall elect to convert its Class B membership to Class A membership by notice to the Association in writing.

At the Turnover Date when the Class A Members become entitled to vote, any Class B membership shall be converted to Class A membership. Fractional votes shall not be allowed. However, if an Owner holds more than one vote, the votes need not be cast as a unit.

#### ARTICLE VIII

##### BOARD OF DIRECTORS

The Association shall be managed by a Board of Directors. Except as provided in the Bylaws, directors shall hold office for one (1) year or until their successors are elected and qualified. They shall be elected and replaced as provided in the Bylaws. The Board will consist of not less than three (3) nor more than seven (7) directors as established by the Bylaws. The names and addresses of the persons who will serve as directors of the Association until the selection of their successors are:

John Mason  
23150 N. Pima Road  
Scottsdale, Arizona 85255

Gary A. Deuser  
23150 N. Pima Road  
Scottsdale, Arizona 85255

Larry A. Hall  
23150 N. Pima Road  
Scottsdale, Arizona 85255

#### ARTICLE IX

##### INDEMNIFICATION

To the extent permitted by law, the Association shall indemnify any and all of its present or former directors, officers or employees against any expenses incurred by them, including legal fees, or judgments or penalties rendered or levied against any such person while acting within the scope of his authority, provided that the Board shall determine in good

faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal intent in regard to the matters involved in the action or omission.

## ARTICLE X

### BYLAWS

The Board of Directors shall have the power and authority to enact Bylaws and amendments thereto which are not inconsistent with the provisions hereof and not inconsistent with the Declaration. In addition the Bylaws may be amended by the vote of a majority of a quorum of Members present in person or by proxy at a Members meeting.

## ARTICLE XI

### DURATION

The Association shall commence as of the date the Corporation Commission shall file these Articles of Incorporation and the duration shall be perpetual.

## ARTICLE XII

### AMENDMENTS

Prior to the time when Class A Members become entitled to vote, these Articles may be amended by the majority vote of the Board at a meeting of the Board duly called for the adoption of the amendment. After the Class A Members become entitled to vote, these Articles may be amended by the affirmative vote of Owners holding at least seventy-five percent (75%) of the total voting power in the Association at a meeting of the Association duly called pursuant to the Bylaws for the adoption of the amendment. Written documentation of any amendment to these Articles, duly signed and acknowledged by the president or vice president and attested by the secretary or assistant secretary of the Association and, if the amendment is adopted prior to the time when Class A Members are entitled to vote, signed and acknowledged by the Board, shall be filed with the Arizona Corporation Commission.

## ARTICLE XIII

### DISSOLUTION

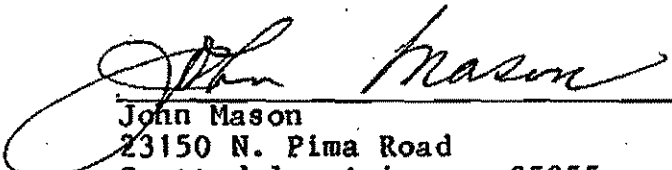
The Association may be dissolved by affirmative vote of Members having not less than seventy-five percent (75%) of the total votes permitted to be cast by the Members at an election held for such purpose. Upon dissolution of the Association,

other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created or such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to similar purposes as outlined herein.

ARTICLE XIV  
INTERPRETATION

In the event that any provision hereof is inconsistent with or in derogation of the Declaration, the provisions of the Declaration shall be deemed to control. These Articles shall not be amended or otherwise changed or interpreted, for any reason, so as to be inconsistent with the Declaration.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Arizona, the undersigned incorporator of this Association, has executed these Articles of Incorporation this 25th day of April, 1986.

  
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John Mason  
23150 N. Pima Road  
Scottsdale, Arizona 85255